

Message Text

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USDA WASHDC
INFO B/AMEMBASSY BELGRADE 4735
AMEMBASSY BUDAPEST
AMEMBASSY LONDON IMMEDIATE
AMEMBASSY MOSCOW
AMEMBASSY OSLO
AMEMBASSY WARSAW

C O N F I D E N T I A L SECTION 1 OF 2 BUCHAREST 3594

USDA FOR FAS
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TAGS: EAGR, EEWT, EFIN, RO
SUBJECT: SECRETARY OF AGRICULTURE BERGLAND'S VISIT
TO ROMANIA

REF: (A) BUCHAREST 3590, (B) BUCHAREST 3589

1. SUMMARY. IN SUCCESSFUL TWO-DAY VISIT TO ROMANIA,
SECRETARY OF AGRICULTURE, BOB S. BERGLAND, ACCOMPANIED
BY AMBASSADOR, MET WITH PRIME MINISTER AND ACTING
PRESIDENT MANEA MANESCU AND DEPUTY PRIME MINISTER AND
MINISTER OF AGRICULTURE ANGELO MICULESCU FOR AN
EXCHANGE OF VIEWS ON AGRICULTURAL PROSPECTS AND POLI-
CIES IN THE U.S. AND ROMANIA. DISCUSSIONS FOCUSED ON
PRODUCTION CAPABILITIES AND COMMODITY EXPORT/IMPORT
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REQUIREMENTS WITH VIEW TOWARD EXPANDING COOPERATION
TOGETHER WITH SCIENTIFIC EXCHANGES IN RELATED AREAS.
SECRETARY AND PARTY ALSO VISITED NUMBER OF FARM AND
AGRICULTURAL INSTALLATIONS IN BUCHAREST AREA. JOINT
COMMUNIQUE SUMMARIZING HIGHLIGHTS OF VISIT AND CITING
GOR INTENTION TO REQUEST CCC CREDITS IN FY 79 FOR
IMPORT OF SOYBEANS AND BREEDING CATTLE WAS SIGNED BY

THE SECRETARY AND MINISTER MICULESCU MAY 24. COMMUNIQUE ALSO MENTIONED POSSIBILITY OF EXPANDING COOPERATION IN PORK PRODUCTION THROUGH IMPORTS OF PROTEIN FEED BY GOR FROM U.S. WITH OFFSETTING IMPORTATION OF PROCESSED PORK PRODUCTS BY U.S. SECRETARY BERGLAND WAS WELL-RECEIVED BY ROMANIAN HOSTS AND ACCORDED RELATIVELY WIDE MEDIA COVERAGE. END SUMMARY.

2. PRINCIPAL DISCUSSION PARTNERS IN ROMANIA WERE WITH MANEA MANESCU, ACTING PRESIDENT AND PRIME MINISTER, WHO RECEIVED SECRETARY MAY 24; ANGELO MICULESCU, VICE PREMIER AND MINISTER OF AGRICULTURE AND FOOD INDUSTRY, WHO ACTED AS HOST; ION STANCIU, DEPUTY MINISTER FOR INTERNATIONAL COOPERATION, MINAG; ION MOLDOVAN, DEPUTY MINISTER FOR LIVESTOCK, MINAG; AND ALEXANDRU MARGARITescu, FIRST DEPUTY MINISTER OF FOREIGN TRADE. SECRETARY BERGLAND ALSO MET WITH OTHER REPRESENTATIVES OF TRADE AND AGRICULTURAL SECTORS, INCLUDING THE DIRECTORS OF THE LARGEST ROMANIAN AGRICULTURAL COMMODITY TRADING COMPANIES DOING BUSINESS WITH THE UNITED STATES (AGROEXPORT, ROMANOEXPORT, PRODEXPORT AND ROMAGRIMEX), AND VISITED HOG FATTENING, BABY BEEF, BROILER, AND GREENHOUSE UNITS. THE VISITS, WHICH ALSO INCLUDED INSPECTION OF LARGE IRRIGATION COMPLEX, TOOK PLACE WITHIN 80-KILOMETER RADIUS OF BUCHAREST. THE SECRETARY WAS ACCOMPANIED BY THE CONFIDENTIAL

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AMBASSADOR, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS DALE E. HATHAWAY, AND ADMINISTRATOR, FAS, THOMAS R. HUGHES FOR ALL MEETINGS AND FARM VISITS.

3. IN HIS TALKS, SECRETARY BERGLAND STRESSED: (A) THE BENEFICIAL EFFECTS ARISING FROM CREATION OF U.S. GRAIN RESERVES WHICH WILL ACT TO MITIGATE EXTREMES IN AGRICULTURAL PRICES; (B) U.S. SUPPORT FOR PROGRAM OF INTERNATIONAL FOOD SECURITY AND INTERNATIONAL COMMODITY AGREEMENTS; (C) U.S. COMMITMENT TO REDUCTION OF TRADE BARRIERS; (D) IDEA THAT TRADE IS "TWO-WAY STREET;" AND (E) USDA'S WILLINGNESS TO ASSIST IN EXPANDING EXCHANGES OF TECHNOLOGY AND RESEARCHERS.

4. MINISTER MICULESCU EMPHASIZED ROMANIAN DESIRE TO STRENGTHEN AND EXPAND "COOPERATION" IN AGRICULTURE WITH U.S., WHICH HE DEFINED TO INCLUDE IMPORTS, EXPORTS, AND TECHNOLOGICAL COOPERATION ON LONG-TERM BASIS. IN PARTICULAR, HE STRESSED (A) HOPE FOR MORE FAVORABLE CREDIT TERMS FROM THE U.S., (B) NEED FOR ROMANIA TO

EXPORT TO PAY FOR ITS IMPORTS, (C) DESIRE TO COOPERATE WITH U.S. IN DEVELOPING THIRD MARKETS, AND (D) ROMANIA'S DESIRE TO EXPAND EXCHANGE OF AGRICULTURAL TECHNOLOGY AND EXCHANGE OF RESEARCHERS WITH U.S. UNIVERSITIES.

5. IN MINISTER MICULESCU'S OFFICIAL STATEMENTS HE CITED ROMANIA'S INTENTION TO REQUEST BETWEEN 150-200,000 M.T. OF SOYBEANS UNDER CCC CREDITS DURING FY 79, AND UP TO 3,000 HEAD OF BRED DAIRY HEIFERS PER YEAR UNDER LONGER TERM CREDITS, IF AVAILABLE. AT SAME TIME, MINISTER DECLINED MAKING PUBLIC STATEMENT REGARDING ROMANIA'S FEED GRAIN NEEDS UNDER CCC CREDIT TERMS AND HAD PERTINENT REFERENCE STRICKEN FROM DRAFT OF CONFIDENTIAL

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JOINT COMMUNIQUE HE SIGNED LATER WITH SECRETARY BERGLAND, ON GROUNDS NO COMMITMENTS COULD BE MADE WITH REGARD TO GRAINS WHILE PRESIDENT IS ABSENT FROM COUNTRY (ON MAY 15-31 FAR EAST TRIP). HOWEVER, DURING CONVERSATION WITH THE SECRETARY, ASSISTANT SECRETARY HATHAWAY AND AGATT AT RECEPTION HOSTED BY AMBASSADOR EVENTING OF MAY 23, MINISTER MICULESCU STATED THAT ROMANIA WOULD NEED TO IMPORT ONE MILLION METRIC TONS OF GRAINS. (HE EMPHASIZED THAT WHAT HE WAS SAYING IN PRIVATE COULD NOT BE STATED IN PUBLIC. SEE PARAGRAPH 7 BELOW.)

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6. CONVERSELY, IN SIDE CONVERSATION AT SAME RECEPTION, MICULESCU'S LIVESTOCK DEPUTY MOLDOVAN EXPRESSED FULL CONFIDENCE ROMANIAN HAM HAD QUALITY AND PRICE ADVANTAGES TO OBTAIN \$100 MILLION U.S. MARKET. RE THIRD MARKETS, AS EXAMPLES OF POSSIBILITIES MOLDOVAN MENTIONED EXPORT OF LAMB TO LIBYA USING U.S. FEED (INSTEAD OF ITALIAN GRAIN, AS NOW) AND STORAGE IN ROMANIA OF U.S. GRAIN TO INCREASE FLEXIBILITY OF RESPONSE TO SOVIET MARKET CONDITIONS. FROM U.S. POINT OF VIEW, HE ADMITTED, ALL THAT IS INVOLVED IN SUCH "COOPERATION" IS GRAIN SALES TO ROMANIA, BUT ASSURED SUPPLY IS IMPORTANT.

7. DURING RECEPTION FOLLOWING THE SECRETARY'S SUBSEQUENT MEETING WITH ACTING PRESIDENT AND PRIME MINISTER MANEA MANESCU MAY 24 (SEE REFTEL B), THE AGATT ASKED MOLDOVAN IF ROMANIA WOULD BE REQUESTING ANY ADDITIONAL CCC CREDITS DURING CURRENT FISCAL YEAR. MOLDOVAN STATED THAT ROMANIA
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WAS RAPIDLY DEPLETING STOCKS OF BOTH FEED GRAINS AND PROTEIN MEALS, AND THAT AMOUNTS STILL AVAILABLE WOULD NOT LAST UNTIL NEXT HARVEST. HE FURTHER STATED THAT MIXED FEED NEEDS OF ROMANIA'S LIVESTOCK INDUSTRY HAD NOW OUTSTRIPPED ROMANIA'S UNABILITY TO PRODUCE FEED GRAINS. THEREFORE CRISIS HAS DEVELOPED AND MEETING IS TO BE HELD AS SOON AS PRESIDENT CEAUSESCU RETURNS, ABOUT MAY 31, TO DECIDE ADDITIONAL AMOUNT OF CCC CREDIT TO BE REQUESTED FY 1978. NOTE: MOLDOVAN'S STATEMENT CLARIFIES MINISTER MICULESCU'S REQUEST TO THE SECRETARY MADE AT MINISTRY OF AGRICULTURE MEETING MAY 23 THAT IT MIGHT BE DESIRABLE TO HAVE MORE INTENSIVE DISCUSSION BETWEEN AGROEXPORT, THE STATE TRADING COMPANY DEALING WITH THE IMPORT OF GRAINS, AND APPROPRIATE MEMBERS OF THE SECRETARY'S PARTY. (BECAUSE OF BREVITY OF THE SECRETARY'S VISIT, MEETING DID NOT MATERIALIZE.) MOLDOVAN'S STATEMENT ALSO CLARIFIES THE MINISTER'S PRIVATE REMARK ABOUT GRAIN IMPORT NEEDS OF ROMANIA AND PRIME MINISTER MANESCU'S STATEMENT THAT ROMANIA'S DESIRE TO IMPORT TECHNOLOGY WOULD ALSO REQUIRE INCREASE IN IMPORTS OF CERTAIN AGRICULTURAL PRODUCTS, ESPECIALLY CEREALS.

8. ACTING PRESIDENT AND PRIME MINISTER MANEA MANESCU, DURING HIS UNUSUALLY LONG NINETY-MINUTE MEETING WITH THE SECRETARY, STRESSED A) IMPORTANCE OF CARTER-CEAUSESCEU TALKS AS THEY RELATED TO MORE DIVERSIFIED BILATERAL COOPERATION BETWEEN THE TWO COUNTRIES; B) ROMANIA'S DESIRE TO INITIATE JOINT VENTURES WITH U.S. FIRMS IN FIELD OF AGRICULTURE; AND C) ROMANIA'S DESIRE TO INCREASE ITS AGRICULTURAL EXPORTS TO THE U.S. IN CONTEXT OF INCREASING TWO-WAY TRADE.

9. DEPUTY MINISTER MARGARITESCU TOLD SECRETARY BERGLAND
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THAT TOTAL TWO-WAY TRADE BETWEEN THE U.S. AND ROMANIA WAS CURRENTLY PROJECTED AT \$750 MILLION DURING CY 1978. FOR 1980, THIS FIGURE SHOULD REACH \$1 BILLION ACCORDING TO MARGARITESCU, OF WHICH AGRICULTURAL TRADE WOULD COMPRISE \$150-180 MILLION. (NOTE: HIS AG TRADE FIGURE PRESUMABLY DOES NOT INCLUDE PROBABLE CCC CREDIT REQUESTS NOW DEEMED LIKELY BASED ON MOLDOVAN'S STATEMENT PARA 7). COMMENT: MARGARITESCU'S COMMENT APPEARS TO CONFIRM OUR PREVIOUS IMPRESSION THAT MINISTRY OF FOREIGN TRADE HAS FINAL APPROVAL AUTHORITY REGARDING IMPORTS OF ANY AGRICULTURAL COMMODITIES, WITH MINAG APPARENTLY SUPPLYING STATISTICS AND MAKING APPROPRIATE REQUESTS.

10. FOLLOWING AN OFFICIAL LUNCHEON GIVEN BY MINISTER MICULESCU MAY 24, HE AND THE SECRETARY SIGNED A JOINT COMMUNIQUE (SEE REFTEL A) WHICH IN ESSENCE EXPRESSED MANY OF THE POINTS NOTED IN THIS CABLE.

11. IN SUM, VISIT, ALTHOUGH BRIEF, DEEMED VERY SUCCESSFUL. IN ADDITION TO OPENNESS EVIDENT IN SUBSTANTIVE DISCUSSIONS, THE SECRETARY AND MINISTER MICULESCU ESTABLISHED GOOD PERSONAL RELATIONSHIP OF KIND WHICH HAD TRADITIONALLY BEEN KEY TO SUCCESSFUL DEALINGS WITH ROMANIANS. IMPORTANCE OF VISIT AS VIEWED BY GOR HIGHLIGHTED BY RELATIVELY HEAVY PRESS AND TELEVISION COVERAGE ACCORDED THE SECRETARY AS WELL AS LENGTH OF MEETING WITH PRIME MINISTER MANESCU. END COMMENT.
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